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CITIZENS SUMMARY

Findings in the audit of the Clinton County Commission and County Clerk

Payroll Controls and Procedures

The county incurred significant penalties and interest, and made over- and underpayments because of inadequate controls and procedures over the timely filing of various payroll tax and benefit forms and related tax payments. Also, significant improvement is needed in the county's payroll controls and procedures.

The County Clerk does not ensure payroll tax forms are filed and payroll taxes are remitted timely to the Internal Revenue Service (IRS), as required, and as a result, the county was assessed \$64,298 in penalties and \$9,614 in interest. Also, as of January 31, 2022, at least \$142,864 is still due to the IRS including significant penalties and interest still accruing.

The County Clerk does not have adequate controls to ensure employees are paid accurately, and as a result, some employees were underpaid (\$2,357) and others were overpaid (\$20,258) for the period of January through April 2021. Also, the County Commission changed the payroll cycle 2 times from 2019 to 2021, which may have contributed to the inaccurate payments.

The County Clerk did not ensure retirement contributions withheld from employee paychecks were accurate and remitted timely to the respective retirement plans. The County Clerk erroneously calculated County Employees Retirement Fund (CERF) withholdings after the county changed pay periods in March 2020, and CERF personnel identified numerous errors. He also did not enroll some employees timely in the retirement system and incorrectly reported the rehiring and hiring dates for some employees with the Local Government Employees Retirement System (LAGERS). The County Clerk also failed to timely remit withholdings from employee pay to the deferred compensation plan.

The County Clerk failed to ensure numerous payments made to the IRS, CERF, and LAGERS were accurately recorded in the accounting records, which may have prevented other county officials from identifying the untimely payments and amounts owed. Also, the County Commission did not periodically review the accuracy of the records.

The County Clerk failed to remit child support garnishments to the Missouri Department of Social Services Family Support Division Payment Center within 7 days as required.

The County Commission and County Clerk did not ensure personnel policies were updated to reflect approved changes, and some policies are not always followed.

The County Clerk did not ensure accurate 2018 W-2 forms were filed with the Social Security Administration (SSA) in January 2019.

Disbursement Procedures

Disbursement controls and procedures need improvement.

Between June 2019 and March 2021, County Clerk's office personnel made several duplicate and erroneous payments to vendors, including \$71,536 paid

to a vendor that was only owed \$5,435. No one was aware of these payment errors until the vendors contacted the county or refunded the overpayments.

The County Commission and County Clerk do not ensure bills are paid timely. Between February 26, 2019 and June 5, 2021, the county incurred late fees and finance charges due to untimely payments.

The County Commission did not solicit proposals for accounting services, and neither the County Commission nor the Sheriff solicited bids for prisoner meals.

Budgets	County budgeting procedures need improvement. For the 2021 budget, the County Commission budgeted General Revenue Fund receipts and disbursements so that the estimated ending fund balance would be zero, effectively appropriating all available funds to be spent in the current year, regardless of the actual estimated activity for the fund. The County Commission budgeted deficit cash balances for the Investigative Squad Fund in the 2022 and 2021 budgets. The County Commission does not adequately monitor budget-to-actual receipts and disbursements.
Sunshine Law	The county's procedures to ensure compliance with the Sunshine Law need improvement. The County Commission has not adopted a written policy regarding public access to county records as required by state law. The county did not always comply with the requirements of the Sunshine Law for closed meetings.
Electronic Communication Policy	The county has not developed a records management and retention policy in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



Recommendations in the audit of the Clinton County Commission and County Clerk

Payroll Controls and Procedures

The County Commission and the County Clerk:

- 1.1 Ensure payroll tax returns are filed with and payroll taxes are remitted to the Internal Revenue Service timely, and take immediate action to pay amounts due.
- 1.2 Develop controls and procedures to ensure payroll disbursements are accurate and consider the impact of changes to the payroll cycle before approving future changes.
- 1.3 Develop controls and procedures to ensure payroll withholdings are calculated and disbursed correctly. In addition, the County Clerk should ensure all payroll withholdings are timely disbursed to the appropriate entities.
- 1.4 Prepare accounting records that accurately reflect the financial activity of the county, and perform documented reviews of monthly reconciliations between the County Clerk and the County Treasurers' accounting records.
- 1.5 Ensure child support garnishments are timely remitted to the Department of Social Services.
- 1.6 Revise personnel policies to reflect approved changes and ensure compliance with county personnel policies.
- 1.7 Ensure accurate W-2 forms are timely filed with the Social Security Administration.

Disbursement Procedures

The County Commission:

- 2.1 And the County Clerk ensure invoices and disbursements to vendors are adequately reviewed and marked paid to prevent duplicate and erroneous payments.
- 2.2 And the County Clerk implement procedures to ensure bills are received and paid timely.
- 2.3 Ensure bids are solicited for all applicable purchases of goods and services in accordance with state law, and maintain adequate documentation of decisions made. The County Commission should work with other county officials, as necessary, to ensure purchases from their offices comply with state law.

Budgets

Ensure budget estimates for receipts and disbursements are based on actual expected occurrences, discontinue deficit budgeting, ensure disbursements do not exceed budgeted amounts, and prepare any necessary budget amendments timely.

Sunshine Law

The County Commission and the County Clerk:

- 4.1 Develop a written public access policy, and maintain a public request log or other documentation to help ensure compliance with state law.
- 4.2 Ensure meeting minutes are prepared and retained for all closed meetings, the specific section of law allowing the meeting to be closed is announced publicly and recorded in the meeting minutes, and discussions are limited to the specific reasons cited and allowed for closing the meeting.

Electronic Communication Policy

The County Commission work with other county officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.